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October 19, 2005

Honorable David Edward Spenard
Assistant Attorney General
Office of the Attorney General Utility & Rate Intervention Division
1024 Capital Center Drive
Suite 200
Frankfort, KY 40601-8204

CERTIFICATE OF SERVICE

RE: Case No. 2005-00233
Sandy Hook Water District

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on October 19, 2005.

Executive Director

BOD/je
Enclosure

Honorable David Edward Spenard
Assistant Attorney General
Office of the Attorney General
Utility & Rate Intervention Division
1024 Capital Center Drive
Suite 200
Frankfort, KY 40601-8204

Jimmy Whitt
Chairman
Sandy Hook Water District
Howard's Creek Road
P O Box 726
Sandy Hook, KY 41171

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE SANDY HOOK)	
WATER DISTRICT FOR APPROVAL OF A)	CASE NO.
PROPOSED INCREASE IN RATES FOR)	2005-00233
WATER SERVICE)	

ORDER

On June 17, 2005, Sandy Hook Water District ("Sandy Hook") filed its application for Commission approval of a proposed increase in water rates. Sandy Hook proposed to adjust its rates to increase its annual revenue from water rates by 19.5 percent, or \$71,253 in additional water revenue. This proposal would increase the average monthly water bill for 5,000 gallons of usage from \$29.34 to \$37.46, an increase of 27.6 percent.

By Order dated September 14, 2005, the Commission issued a Staff Report that Commission Staff prepared after reviewing Sandy Hook's test-year operations. In its report, Commission Staff recommended that Sandy Hook's proposed rate increase be accepted. In its Order, the Commission allowed Sandy Hook 10 days to file written comments regarding the Staff Report or to request a hearing or informal conference. By Order dated September 29, 2005, the Commission issued an Amended Staff Report in which Commission Staff recommended acceptance of proposed nonrecurring charges that had not been addressed in the original Staff Report. The Commission has not received any comments on the Staff Reports or their recommendations.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. The recommendations and findings contained in the Staff Report are supported by the evidence of record, are reasonable, and should be adopted as the findings of the Commission.

2. The rates in Appendix A will produce annual revenue from water service of \$429,844.

IT IS THEREFORE ORDERED that:

1. The findings contained in the Staff Report are adopted and incorporated by reference into this Order as if fully set out herein.

2. The rates in Appendix A are approved for service rendered by Sandy Hook on and after the date of this Order.

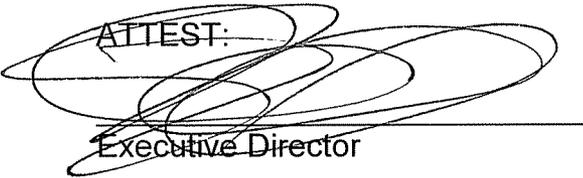
3. Within 30 days of the date of this Order, Sandy Hook shall file with the Commission its revised tariff setting out the rates approved herein.

4. Three years from the effective date of this Order, Sandy Hook shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Done at Frankfort, Kentucky, this 19th day of October, 2005.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2005-00233 DATED October 19, 2005.

The following rates and charges are prescribed for the customers in the area served by Sandy Hook Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

5/8 inch x 3/4 inch

First	2,000 gallons	\$17.60	Minimum Bill
Next	8,000 gallons	6.62	per 1,000 gallons
Next	40,000 gallons	5.88	per 1,000 gallons
Over	50,000 gallons	4.40	per 1,000 gallons

1 inch

First	5,000 gallons	\$37.46	Minimum Bill
Next	5,000 gallons	6.62	per 1,000 gallons
Next	40,000 gallons	5.88	per 1,000 gallons
Over	50,000 gallons	4.40	per 1,000 gallons

1 1/2 inch

First	10,000 gallons	\$70.56	Minimum Bill
Next	40,000 gallons	5.88	per 1,000 gallons
Over	50,000 gallons	4.40	per 1,000 gallons

2 inch

First	20,000 gallons	\$129.36	Minimum Bill
Next	30,000 gallons	5.88	per 1,000 gallons
Over	50,000 gallons	4.40	per 1,000 gallons

3 inch

First	30,000 gallons	\$188.16	Minimum Bill
Next	20,000 gallons	5.88	per 1,000 gallons
Over	50,000 gallons	4.40	per 1,000 gallons

NON-RECURRING CHARGES

Connection Fees	
5/8 x 3/4 Inch Meter	\$500.00
1" Meter	700.00